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Workshop on Export Marketing Import Management and Procurement for Business Executives and Officials from Trade Promotion Centres and Ministries of Trade

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MARKET RESEARCH AND PLANNING FOR EXECUTIVES AND EXPERTS OF NATIONAL TRADE PROMOTION CENTRES

A. INTRODUCTION

1. The end of the 1980s was marked by a decline in African Trade to extremely low levels. Africa's share in world trade which had been about 4 per cent in 1970 fell to no more than 2 per cent towards the end of the 1980s. Intra-African Trade similarly fell from about 6 per cent to about 4.5 per cent during the same period. This African trade decline was also followed by a general decline in economic activities in the continent, particularly during the 1980s which the last Conference of African Ministers of Planning and Economic Development, held in Addis Ababa from 29 April to 13 May 1991 described as "the lost Decade for Africa" in terms of the continent's economic and social development.

2. Other reasons for the decline of African trade are the inability of Africa to fully take advantage of the trade opportunities offered by both the international and intra-African markets. This was partly due to lack of efficient and appropriate market study techniques, trade planning and of serious African trade promotion - this is the theme of this paper. The paper contains three major chapters which, in the first instance, review the major characteristics of the African market and then, market studies and trade planning. The third chapter gives a rather general view of the major elements as well as an approach to the revitalization and redirection of African marketing systems.

I. MAJOR CHARACTERISTICS OF THE AFRICAN MARKET

3. The characteristics of the African markets may be understood by reviewing supply and demand factors as well as current market prices.

A. Supply

4. African supply consists mainly of agricultural and mineral commodities. Agricultural food commodities predominate in the domestic markets while industrial agricultural commodities and

minerals constitute export commodities. Export products are meant to feed intra-African trade (marginal quantities) and international trade. The supply of African manufactured products is weak and unattractive to foreign consumers while the direction of African exports is characterised by conservatism.

B. Demand

5. While African demand for food commodities is relatively met by the African domestic market, its demand for manufactured products is met by foreign markets owing to the weak manufacturing industry in Africa. This makes African economies double dependent: (i) on raw material exports which are the sole foreign exchange earners and (ii) on consumer goods imports. It should also be stressed that African countries are becoming increasingly dependent on food import.

C. Prices

6. There is a net dichotomy between the prices of African commodities, in the African markets, which are very low and the prices of imported commodities, which are very high. In the international markets the situation is similar: Africa sells at rock - bottom prices but buys at exorbitant prices. This, therefore, leads to a chronic trade imbalance for African countries.

II. MARKET STUDIES AND TRADE PLANNING

A. Market Studies

7. With regard to sales development, market studies are indispensable especially as the sales take place in the foreign market. A market study programme must be properly structured in

order to achieve the desired result, which is to improve sales in a given market.

8. A market study must first identify the need to be met as well as understand the customer. In the first instant the customer and his need should be, as much as possible, fully known by examining all the factors that may affect the customer in meeting his needs. The next stage should be the necessary steps for meeting his needs. When the first stage has been passed, plans should be made to provide a commodity that would best satisfy the tastes of the customer while at the same time taking into account the problem of competition. At this level, there is a need to orient the group of consumers towards the process of meeting the needs by ensuring that not only are needs satisfied, but also that lasting relations are established with customers.

9. Information plays a predominant role in market studies. Hence availability of the necessary information at the right time makes it possible to take the right decisions and in the right way, provided that the information available is judiciously utilized. This is a very important point for Africa where the strategic importance of information in business transactions has yet to be fully recognized.

B. Trade Planning1/

10. As for exports, trade planning plays a major role in the quest to conquer a new market or in the introduction of a new product into the market. Export planning must be in at least three major stages. First, a thorough knowledge of the product to be exported

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1/A practical example of export planning is contained in pages 15, 19 and 29 of Vol. VII No. 1 of the bulletin of the African trade centre published by ECA, in June 1982 under the title "techniques and tools for export promotion".

is necessary for the drawing up of a better sales policy. Secondly, the target foreign market should be studied in detail by seeking full knowledge of the characteristics of the target market. Thirdly, after gathering all this information, the parameters of the local and the target foreign market should be compared. This should be done by planning the characteristics of the export products and the conditions under which they are to be exported to the target market.

C. Conclusion

11. The market planning study should lead to a logical conclusion which would determine whether or not the product is exportable and, if yes, in what state, with what packaging, at what price and through which distribution channels.

III. NEW DIRECTIONS IN AFRICAN TRADE STRATEGY

12. The poor performance of African trade, especially the export trade sector, has necessitated for a search for other ways and means of proceeding in order to improve the sector. Although not exhaustive, this point gives certain facts of the strategy.

13. In the production sector, food production should be given priority without neglecting cash crop production. This also applies to the manufacturing sector which should, at least, be made to produce current consumer goods. Another vital area for a new policy is commodity marketing. In this sector, trade should be developed within the framework of subregional cooperation. Also infrastructure should be developed and international trade cooperation should be intensified so that Africa can benefit from international trade advantages. As for training and information, Africa must increase its efforts to train its people as the experiences of other countries have shown that training is

indispensable for all forms of development. Similarly, African economic operators should recognize the true importance of trade promotion. Sales access to foreign markets is a true battle that should be won not only by improving the quality of commodities (vis-a-vis competitors), but also and most especially by making consumers aware of the quality of the products. Finally, African countries must work to improve their institutional framework which often abstract trading activities instead of stimulating them. To do this, they must simplify their cumbersome trading procedures, make their draconian fiscal policies more flexible, improve their discouraging price policies, correct the lack or inadequacy of their financial mechanisms in order to stimulate trade and, finally, recognize the special situation of African women and their effect in production and trade.